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FISCAL IMPACT REPORT

SPONSOR Lopez DATE TYPED 2/4/2004 HB _____

SHORT TITLE Regional Transit Gross Receipts Imposition SB 462

ANALYST Valenzuela

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
		See Fiscal Implications		

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Finance Authority
Taxation and Revenue Department
Department of Transportation

SUMMARY

Synopsis of Bill

Senate Bill 462 creates municipal and county regional transit district gross receipts taxes for management, construction or operation of a public transit system. Imposition of the tax is subject to voter approval, and can be imposed in municipalities and “district areas of a county” within a regional transit district. The tax may be imposed in increments of one-sixteenth percent (0.0625%) up to a maximum rate of one-half percent (0.5%).

The proceeds from the local option taxes are to be transferred to the regional transit districts to which the county or municipality belongs.

The effective date of the bill is July 1, 2005.

Significant Issues

When the Regional Transit Districts (RTD) Act was enacted during last year, the newly created districts did not have the authority to seek tax increases. NMDOT committed to provide startup costs for some districts up to \$250 thousand for FY04. Yet, follow on operational funding for these districts was uncertain under the current law. This bill provides the possibility to impose a voter-approved local option gross receipts tax for regional transit system capital and operational needs.

FISCAL IMPLICATIONS

The Taxation and Revenue Department has provided a table of taxable gross receipts by each county, of which those counties most likely to be included in an RTD are shown below. The table shows that an one-sixteenth percent for each of these counties total \$14.25 million, annually.

Potential Revenue from Countywide Imposition
(Illustration at Fiscal Year 2003 Levels)

County	FY2003 Taxable Gross Receipts	Amount of Revenue by Tax Increment Imposed			
		0.0625%	0.1250%	0.2500%	0.5000%
Bernalillo	13,802,000,000	8,630,000	17,260,000	34,520,000	69,040,000
Grant	370,000,000	230,000	460,000	920,000	1,840,000
Los Alamos	748,000,000	470,000	940,000	1,880,000	3,760,000
McKinley	890,000,000	560,000	1,120,000	2,240,000	4,480,000
Rio Arriba	444,000,000	280,000	560,000	1,120,000	2,240,000
San Juan	2,747,000,000	1,720,000	3,440,000	6,880,000	13,760,000
Santa Fe	3,224,000,000	2,020,000	4,040,000	8,080,000	16,160,000
Valencia	542,000,000	340,000	680,000	1,360,000	2,720,000
County Total	22,767,000,000	14,250,000	28,500,000	57,000,000	114,000,000

Source: Potential revenue table prepared by Taxation and Revenue Department staff.

ADMINISTRATIVE IMPLICATIONS

The Taxation and Revenue Department reports the following administrative implications, which would cause problems for the department:

- Local option gross receipts taxes are simply not set-up to function as a revenue source for special districts. The gross receipts tax system has been designed to function as a revenue source for state, county, and municipal governments; no gross receipts taxes are currently imposed by any other jurisdiction or entity.
- A “district area of a county” is defined as “that portion of a county that is outside the boundaries of any municipality and that is within the boundaries of a regional transit district of which the county is a member.” Hence a “district area of a county” may not simply be the entire unincorporated area (county area) of a county belonging to a regional transit district. Portions of a county area may be within a regional transit district, while other portions of the same county area are not. At the very least, this would create a need for computer systems modifications and additional location codes for the purpose of reporting gross receipts taxes. These provisions would probably cause confusion for taxpayers located in county areas partially within a regional transit district.